

State of Idaho

Legislative Services Office

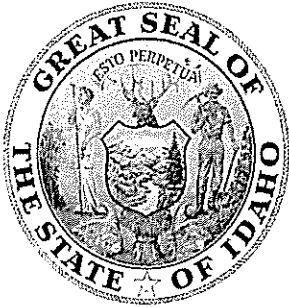
Individual Entity Audit Report

A communication to the Joint Finance-Appropriations Committee

PANHANDLE HEALTH DISTRICT (I) FY 2008 AND 2009

Report OP95109
Date Issued: September 21, 2010

Serving Idaho's Citizen Legislature



Idaho Legislative Services Office
Legislative Audits Division

Don H. Berg, Manager

PANHANDLE HEALTH DISTRICT (I)

SUMMARY

PURPOSE OF AUDIT REPORT

We have audited the financial statements of the Panhandle Health District (I) for the fiscal years ended June 30, 2008 and 2009, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the District's financial statements are materially accurate and reliable, and that it complied with laws and regulations affecting fiscal operations.

CONCLUSION

We conclude that the District's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

FINDINGS AND RECOMMENDATIONS

There are two findings and recommendations in this report.

Finding 2009F-1 – Internal control weaknesses exist in the process for preparing the Schedule of Expenditures of Federal Awards (SEFA).

Finding 2009F-2 – Payment approval and eligibility to provide services for the Senior Companion Program are not properly documented.

The complete findings and recommendations are detailed on pages 28 through 30.

AGENCY RESPONSE

The District has reviewed the report and is in general agreement with its contents. The District's complete response to the findings and recommendations is on pages 31 through 32.

PRIOR FINDINGS AND RECOMMENDATIONS

The prior report for fiscal years 2006 and 2007 had six findings, four of which were federal findings.

NON-FEDERAL FINDINGS

Prior Finding 2007S-1 – Significant errors and omissions exist in the basic financial statements and notes due to poor internal controls.

Prior Finding 2007S-2 – Approval for some expenditures transactions was inappropriate or missing.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Finding 2007F-1 – Significant omissions existed in the federal financial schedule due to poor internal controls.

Prior Finding 2007F-2 – Approval for some expenditure transactions was inappropriate or missing.

Prior Finding 2007F-3 – Benefits under the Women, Infants, and Children (WIC) program can be issued in excess of allowable amounts in error.

Prior Finding 2007F-4 – Eligibility data for some WIC clients is incomplete or missing.

The complete prior findings and recommendations are detailed on pages 33 and 34.

OTHER ISSUES

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho, the Panhandle Health District (I), and the District's Board, and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the former director, Jeanne Bock, and her staff.

ASSIGNED STAFF

Eugene Sparks, CPA, CGFM, Managing Auditor

Kathleen Watkins, CPA, In-Charge Auditor

J.E. Bowden, CPA, Staff Auditor

Wade Kimball, Staff Auditor

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Kyle Wilmot, Staff Auditor

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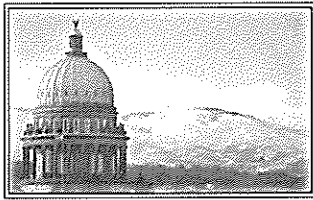
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Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

September 21, 2010

Unqualified Opinion on
Basic Financial Statements

Independent Auditor's Report

Lora Blodgett-Whalen, Director
Panhandle Health District (I)
8500 N. Atlas Road
Hayden, ID 83835

Marlow Thompson, Chair
District I Board of Health
160 S. Fork Hagerman Creek Road
Tensed, ID 83870

Dear Ms. Blodgett-Whalen and Mr. Thompson:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Panhandle Health District (I), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities; major fund, and the remaining fund information of the District as of June 30, 2008 and 2009; and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2010, on our consideration of the District's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

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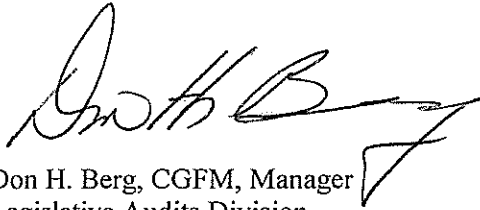
internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

The District has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 17 and 18 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *OMB Circular A-133*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Don H. Berg', with a stylized flourish extending from the end.

Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
PANHANDLE HEALTH DISTRICT (I)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008 and 2009

	June 30, 2008 Governmental Activities	June 30, 2009 Governmental Activities
ASSETS		
Cash and Cash Equivalents	\$6,754	\$17,240
Investments	2,646,588	2,636,413
Accounts Receivable, Net	1,405,763	1,368,938
Capital Assets:		
Non-depreciable	1,046,055	1,026,179
Depreciable, Net	9,164,996	8,410,225
Total Assets	<u>\$14,270,156</u>	<u>\$13,458,995</u>
CURRENT LIABILITIES		
Accounts Payable	\$399,207	\$151,976
Payroll and Benefits Payable	283,295	326,382
Deferred Revenue	496,381	281,189
Compensated Absences	401,207	364,520
NONCURRENT LIABILITIES		
Due within one year		
Capital Lease	138,359	145,263
Due in more than one year		
Capital Lease	4,949,152	4,803,889
TOTAL LIABILITIES	<u>\$6,667,601</u>	<u>\$6,073,219</u>
NET ASSETS		
Invested in Capital Assets, Net of Related debt	\$5,123,540	\$4,487,252
Unrestricted	2,479,015	2,898,524
TOTAL NET ASSETS	<u><u>\$7,602,555</u></u>	<u><u>\$7,385,776</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
PANHANDLE HEALTH DISTRICT (I)
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2009

	FY 2008		PROGRAM REVENUE	
PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
Governmental Activities:				
Administration/General Support	\$1,692,740	\$31,939	\$0	(\$1,660,801)
Administration Programs	756,025	2,992	492,452	(260,581)
Environmental Health	2,528,729	1,039,744	1,086,930	(402,055)
Family and Community Health	2,362,775	674,623	1,248,921	(439,231)
Health Promotion	957,606	3,972	1,233,048	279,414
Home Health	2,678,052	2,299,682	339,141	(39,229)
Interest Expense	160,198	0	0	(160,198)
Total Governmental Activities	<u>\$11,136,125</u>	<u>\$4,052,952</u>	<u>\$4,400,492</u>	<u>(\$2,682,681)</u>
General Revenues:				
Appropriations:				
State				\$1,389,300
County				1,045,144
Unrestricted Investment Earnings				141,774
Total General Revenues, Special Items, and Transfers				<u>\$2,576,218</u>
Change in Net Assets				(\$106,463)
Beginning Net Assets				<u>7,709,018</u>
Ending Net Assets				<u>\$7,602,555</u>

	FY 2009		PROGRAM REVENUE	
PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
Governmental Activities:				
Administration/General Support	\$1,812,147	\$31,894	\$0	(\$1,780,253)
Administration Programs	904,761	3,586	1,239,801	338,626
Environmental, Response, and Technology	2,019,509	852,870	792,013	(374,626)
Family and Community Health	2,276,951	609,633	929,486	(737,832)
Health Promotion	1,072,431	11,374	1,190,521	129,464
Home Health	2,318,278	2,075,243	214,468	(28,567)
Interest Expense	220,465	0	0	(220,465)
Total Governmental Activities	<u>\$10,624,542</u>	<u>\$3,584,600</u>	<u>\$4,366,289</u>	<u>(\$2,673,653)</u>
General Revenues:				
Appropriations:				
State				\$1,368,638
County				1,068,659
Unrestricted Investment Earnings				44,825
Special Item: Gain/Loss on Sale of Capital Asset				(25,248)
Total General Revenues				<u>\$2,456,874</u>
Change in Net Assets				(\$216,779)
Beginning Net Assets				<u>7,602,555</u>
Ending Net Assets				<u>\$7,385,776</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
PANHANDLE HEALTH DISTRICT (I)
BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2008 AND 2009

	<u>June 30, 2008</u>	<u>June 30, 2009</u>
	<u>Special Revenue Fund</u>	<u>Special Revenue Fund</u>
ASSETS		
Cash	\$6,754	\$17,240
Investments Account	2,646,588	2,636,413
Accounts Receivable, Net	1,166,708	1,151,983
Total Assets	<u>\$3,820,050</u>	<u>\$3,805,636</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$399,207	\$151,976
Accrued Payroll	283,295	326,382
Deferred Revenue	496,381	281,189
Total Liabilities	<u>\$1,178,883</u>	<u>\$759,547</u>
Fund Balances		
Unreserved:		
Undesignated	\$2,641,167	\$2,043,588
Designated for Capital Projects	0	1,002,501
Total Fund Balances	<u>\$2,641,167</u>	<u>\$3,046,089</u>
Total Liabilities and Fund Balances	<u>\$3,820,050</u>	<u>\$3,805,636</u>
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS		
Total Fund Balance for Governmental Funds	\$2,641,167	\$3,046,089
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Accounts receivable that are collected more than 60 days after fiscal year-end.	239,055	216,955
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	10,211,051	9,436,404
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. This consists of compensated absences and long term debt.	(5,488,718)	(5,313,672)
Net Assets of Governmental Activities.	<u>\$7,602,555</u>	<u>\$7,385,776</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
PANHANDLE HEALTH DISTRICT (I)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2009

	Year Ended June 30, 2008			Year Ended June 30, 2009		
	Special Revenue Fund	Millennium Fund	Total	Special Revenue Fund	Millennium Fund	Total
REVENUES						
Licenses, Permits, Fees	\$1,043,099	\$0	\$1,043,099	\$841,526	\$0	\$841,526
Health Services	2,923,032	0	2,923,032	2,702,853	0	2,702,853
Grants and Contracts	4,309,731	59,215	4,368,946	4,301,669	64,620	4,366,289
State Appropriation	1,389,300	0	1,389,300	1,368,638	0	1,368,638
County Appropriation	1,028,901	0	1,028,901	1,061,056	0	1,061,056
Interest	141,774	0	141,774	44,825	0	44,825
Rent, Other	1,711	0	1,711	6,241	0	6,241
Donations, Miscellaneous	65,722	0	65,722	64,604	0	64,604
Total Revenues	\$10,903,270	\$59,215	\$10,962,485	\$10,391,412	\$64,620	\$10,456,032
EXPENDITURES						
Administration/General Support	\$1,345,595	\$0	\$1,345,595	\$1,357,453	\$0	\$1,357,453
Administration Programs	743,675	0	743,675	871,834	0	871,834
Environmental Health	2,491,051	0	2,491,051	1,997,259	0	1,997,259
Family and Community Health	2,361,163	0	2,361,163	2,273,622	0	2,273,622
Health Promotion	894,070	59,215	953,285	990,636	64,620	1,055,256
Home Health	2,658,530	0	2,658,530	2,305,203	0	2,305,203
Capital Outlay	2,219,099	0	2,219,099	56,849	0	56,849
Debt Service:						
Principal Retirement	108,085	0	108,085	138,359	0	138,359
Interest	160,198	0	160,198	220,465	0	10,456,032
Total Expenditures	\$12,981,466	\$59,215	\$13,040,681	\$10,211,680	\$64,620	\$10,276,300
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$2,078,196)	\$0	(\$2,078,196)	\$179,732	\$0	\$179,732
OTHER FINANCING SOURCES						
Proceeds from Capital Lease Financing	\$1,000,000	\$0	\$1,000,000	\$0	\$0	\$0
SPECIAL ITEM						
Proceeds from Sale of Capital Asset	0	0	0	225,190	0	225,190
Total Special Items and Other Financing Sources	\$1,000,000	\$0	\$1,000,000	\$225,190	\$0	\$225,190
Net Change in Fund Balances	(\$1,078,196)	\$0	(\$1,078,196)	\$404,922	\$0	\$404,922
Fund Balances - Beginning of Year	3,719,363	0	3,719,363	2,641,167	0	2,641,167
Fund Balances - End of Year	\$2,641,167	\$0	\$2,641,167	\$3,046,089	\$0	\$3,046,089

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances for Total Governmental Funds		(\$1,078,196)	\$404,922
Amounts reported for governmental activities in the Statement of Activities are different because:			
The county appropriation receivable for the July-Sept. quarter is reported if received within 60 days of fiscal year end. However, in the Statement of Activities, the county appropriation for the July-Sept. quarter received after 60 days is also recorded.	67,178		(22,101)
Proceeds from the capital lease financing are a liability on the full accrual basis	(1,000,000)		
The principal payment decreases the liability on the full accrual basis, increasing net assets.	108,085		138,359
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. Capital outlays exceeded depreciation expenses in FY08 and FY09 by the following amounts:			
	FY 2008	FY 2009	
Capital Outlay	\$2,244,527	\$56,849	
Depreciation Expense	(480,721)	(580,137)	1,763,806
			(523,288)
Book Value of Capital Assets Sold for Loss in FY 09		0	(251,358)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This requires an adjustment for compensated absences.	32,664		36,687
Change in Net Assets of Governmental Activities		(\$106,463)	(\$216,779)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is not a State agency. In determining how to define the District for financial reporting purposes, management has considered all potential component units in accordance with GASB *Statement 14 as amended by GASB Statement 39*. The legislature created seven health districts throughout the State in 1970. In 1976, the legislature expressed specific intent that the districts were not to be considered State agencies, but were to be recognized as authorized governmental entities. Although the districts are not State agencies, all districts have opted to process their financial transactions through the State accounting system.

The District encompasses the counties of Benewah, Bonner, Boundary, Kootenai, and Shoshone. The District has offices in facilities in each of these counties in the cities of St. Maries, Sandpoint, Bonners Ferry, Hayden, and Kellogg.

The financial statements for the Panhandle Health District for the year ended June 30, 2008 and 2009 are presented in accordance with the United States generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

In June 1999, the GASB issued *Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This statement establishes new financial reporting requirements for state and local governments throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected. The Panhandle Health District has implemented these standards for the fiscal years ended June 30, 2004 and 2005.

Other GASB Statements implemented in conjunction with GASB Statement No. 34 includes *Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and *Statement No. 38, Certain Financial Statement Note Disclosures*.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Assets and the Statement of Activities) report information on all activities of the District. These activities are financed through General Fund appropriations, county contributions, federal grants, and program revenues.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are displayed in the two categories:

1. *Invested in Capital Assets, Net of Related Debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding related debt.
2. *Unrestricted Net Assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets may have constraints or designations placed upon them by management, but they can be unilaterally removed.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with

a specific governmental function. Program revenues include fees and charges paid by recipients of goods or services offered by the program. Appropriations, contributions, interest income, and other items not meeting the definition of program revenues are reported as general revenue.

The financial activities of the District are recorded in individual funds to report the financial position and results of the operations of the District. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for services that include general administrative support, family and community health, environmental health, health promotion, and home health. The General Fund includes all financial resources of the general government except those required to be accounted for in another fund.

Millennium Fund – The Millennium Fund accounts for the District’s distributive portion of the Idaho Millennium Fund, which is made up of the tobacco settlement receipts.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under Governmental fund accounting, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the year end. Sales of service, interest, and federal grant expenditures are considered to be susceptible to accrual. Expenditures are recorded when a liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Immaterial differences in the statements are due to rounding.

BUDGETING AND BUDGETARY CONTROL

The District receives funding as an appropriation from the State and also from the five county governments of the District.

The State budget request is completed in conjunction with the other six health districts of the State and submitted to the State by September 1 for the upcoming July 1 fiscal year. The State appropriation is distributed among the seven districts by formula.

The county funding request is presented to the counties in the spring for the upcoming July 1 fiscal year. At the spring budget hearing, the county commissioners vote on the county support.

Historically the State and county appropriations combined have been approximately 20% of the District's budget. The District Board of Health approves the District's budget each spring before the upcoming July 1 fiscal year.

ASSETS, LIABILITIES, AND NET ASSETS

Cash

The District's cash is considered to be cash on hand and on deposit with the State Treasurer's Office.

Investments

Investments are reported at fair value. Additional disclosure is identified in Note 2.

Accounts Receivable

Accounts receivable consists of county contributions, federal grants, contracts for service, and client fees.

Inventories and Prepaid Items

The District uses the purchase method of accounting for inventory and prepaid expenses. Under the purchase method supplies are expensed when purchased. GASB allows use of the purchase method when inventories and prepaid items are not significant.

Capital Assets

Purchased capital assets are recorded at cost. Assets donated or acquired at bargain purchase prices are reported at market value on the date of donation. Only capital assets with a value of \$5,000 or greater are capitalized. Depreciation is recorded using the straight-line method over the asset's estimated useful life as follows:

<u>Asset</u>	<u>Estimated Useful Life (Years)</u>
Equipment	3 – 30
Building/Improvements	10 – 50
Vehicles	5

Maintenance, repairs, and minor renewals are charged as operating expenses when incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost and any gain or loss arising from its disposal is credited or charged to operations.

Additional disclosures related to capital assets are provided in Note 5.

Revenues and Expenditures

In the government-wide Statement of Activities, revenues and expenses are segregated by activity and then by function. Additionally, revenues are classified as program or general revenues. Program revenues include charges to clients or applicants for services provided and certain grants and contributions. General revenues include the State appropriation, county contribution and interest.

In the governmental fund financial statements, revenues are reported by source and expenditures are reported by function.

Accounts Payable

Payables in the government-wide financial statements consist primarily of short-term vendor obligations.

Deferred Revenue

Deferred revenue is recognized when revenue is received prior to being earned. In the governmental fund statements, deferred revenue is also recognized when revenue is earned but not available.

Other Liabilities

Other liabilities consist of payroll, benefits payable, and compensated absences, which consists of vacation and compensatory time earned by employees but not yet paid.

Long-Term Liabilities

Government-wide financial statements report long-term obligations as liabilities, with the portion payable within 12 months designated separately from the portion payable in more than 12 months. Long-term liabilities include only capital leases payable.

Net Assets

Net assets include investments in capital assets net of related debt. Unrestricted assets are assets that do not fall under the previous category.

NOTE 2. CASH AND INVESTMENTS

The District participates in the State Treasurer's Office (STO) internal and external investment pools. The Idle Fund is an internal investment pool managed by the STO on behalf of participants. Money not needed to meet immediate operating obligations is invested in accordance with Idaho Code, Sections 67-1210 and 67-1210A. Participation in the pool is involuntary. Idaho Code restricts the STO to certain types of investments.

The District also participates in the Local Government Investment Pool (LGIP) which is an external investment pool sponsored by the STO. A copy of the State's *Comprehensive Annual Financial Report (CAFR)*, including the investment pool's financial statements, is available from the Office of the State Controller, Bureau of Reporting and Review or on the Controller's Web site at <http://www.sco.idaho.gov>.

Credit Ratings

The STO must operate and invest the funds of the LGIP for the benefit of the participants. The STO makes investments in accordance with Idaho Code, Sections 67-1210 and 67-1210A. The LGIP is not registered with the Securities and Exchange Commission or any other regulatory body. The LGIP is rated "AAAF" by Standard and Poor's ratings services.

Interest Rate Risk

The LGIP discloses certain risks that may be associated with its deposits and investments. Disclosures are made under each individual pool for the following required risk disclosures:

- Interest rate risk occurs when investments are fixed for longer periods. The LGIP does not have a formally adopted policy to address interest rate risk.
- Concentration of credit risk results when investments are concentrated in one issuer and represents heightened risk of potential loss. No specific percentage identifies when concentration of credit risk is present. The GASB has adopted a principle that when governments invest discretely on behalf of their various funds, such as the LGIP, they should disclose the amount and percentage when 5% of the total fund investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the

U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The LGIP does not have a formally adopted policy to address the amount that may be invested with any one issuer.

- Credit risk associated with investments is the risk that an issuer of debt securities or counterparty to an investment transaction will not fulfill its obligation. Obligations explicitly guaranteed by the U.S. government are not considered to have credit risk. The LGIP does not have a formally adopted policy to address credit risk associated with investments.

The following schedule represents the District's investments in the LGIP and a distribution of the pool's maturities at June 30, 2008 and 2009:

	Fair Value	Weighted Average Maturity
June 30, 2008	\$2,646,588	67 days
June 30, 2009	\$2,636,413	58 days

NOTE 3. COMPENSATED ABSENCES

The Panhandle Health District is not considered a department of State government. By agreement, the District follows the rules of the State Division of Human Resources. District employee benefits include vacation and sick leave allowances. Overtime may be earned under provisions of the Fair Labor Standards Act and State law. Overtime is commonly referred to as "compensatory time" or "comp time" since employees may take time off for the accrued overtime. For the purposes of earning and accruing overtime there are three classes of employees:

1. Those who earn overtime at 1.5 times regular pay rates and may be paid for the overtime or take time off.
2. Those who earn overtime at the same rate as regular pay rates and may only take time off.
3. Those ineligible for overtime.

Upon termination, the following accrued leave balances are paid:

1. Vacation leave
2. Overtime for those eligible for payment

As of June 30, 2008 and 2009, the following compensated absences have been accrued by employees of the District. These amounts are reported on the government-wide financial statements. A liability for the amount is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement. Compensated absences are paid from the District's main operating fund.

	FY 2008
	<u>Changes to Compensated Absences</u>
Beginning Balance July 1, 2007	\$433,871
Increases	447,118
Decreases	<u>(479,782)</u>
Ending Balance June 30, 2008	<u>\$401,207</u>

The District estimates the amount due within one year is \$401,207. Compensated absences are paid from the District's main operating fund.

FY 2009	
<u>Changes to Compensated Absences</u>	
Beginning Balance July 1, 2008	\$401,207
Increases	406,447
Decreases	<u>(443,134)</u>
Ending Balance June 30, 2009	<u>\$364,520</u>

The District estimates the amount due within one year is \$364,520. Compensated absences are paid from the District's main operating fund.

NOTE 4. PENSION PLANS

DEFINED BENEFIT PLAN

The Public Employee Retirement System of Idaho (PERSI), a cost-sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible State and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits when they reach the age specified by their employment classification. For each year of credited service, the annual service retirement allowance is 2.0% (2.3%, for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2008 and June 30, 2009 the required contribution rate was 10.39% by the employer and 6.23% by the employee of covered payroll for the District. District contributions required and paid were \$566,949, \$556,044, and \$513,818, respectively for the years ended June 30, 2007, 2008, and 2009.

DEFINED CONTRIBUTION PLAN

The PERSI Choice Plan is the State's defined contribution retirement plan and includes the 401(k) and the 414(k). The 414(k) plan was established for gain sharing allocations from the PERSI Base Plan. Any gain-sharing amount is based on PERSI Base Plan funding levels. The 401(k) plan is open to all active PERSI Base Plan members and was established February 1, 2001. Gain sharing requires 12 months active PERSI membership for eligibility in the 414(k) gain sharing contributions. Assets for both plans are co-mingled.

Statutes governing the PERSI Choice Plan are found in Idaho Code, Title 59, Chapter 13. The retirement board created pursuant to Section 59-1304 of the Idaho Code to manage PERSI administers the plan. Participants contribute pre-tax earnings to the plan and direct their own investment mix.

Participants may elect to change their deferral every pay period. Employee pre-tax contributions may be any whole percentage between 1% and 100% of the deferral compensation otherwise payable to the participant during the applicable pay period provided that no contribution may be less than \$130 divided by the number of annual pay periods. Employee pre-tax contributions and employer contributions for any limitation year for all defined contributions shall not exceed the lesser of the following: (1) \$40,000 or such larger amount as may be determined under Idaho Code,

Section 415(c)(1)(A); or (2) 100% of the participant's total section 415 compensation received from the employer for such limitation year.

NOTE 5. CAPITAL ASSETS

In fiscal year 2008, four vehicles with a cost of \$50,792 were sold for \$2,000 total. The vehicles were purchased from 1990 to 1996 and were fully depreciated. In fiscal year 2009, four vehicles with a cost of \$38,309 were sold for \$3,700. The vehicles were purchased from 1995 to 2004 and were fully depreciated, except for one that had a book value of \$920 and was sold for \$1,500.

In January 2007, the District purchased for cash two contiguous lots in downtown St. Maries, Idaho to build a replacement for the District's Benewah County clinic and office. The combined price of both lots was \$390,424.

In October 2007, the District awarded a \$2,026,000 contract for the construction of a new 9,575 square foot clinic and office in St. Maries, Idaho. That month the District began construction on the new Benewah County clinic and office. The certificate of occupancy was dated June 27, 2008, and the District moved in on July 21, 2008. The construction in progress account was closed and the building capitalized as of June 30, 2008, with depreciation beginning in fiscal year 2009. The total building cost capitalized (excluding land) was \$2,162,772. Final payments to the general contractor totaling \$248,538 were included in accounts payable at June 30, 2008.

In June, 2009 the District paid \$26,125 for two contiguous lots under its Sandpoint building that were owned by the State of Idaho. The deed was transferred to the District in July, 2009.

The District received \$50,000 in February 2008 for a down payment on sale of its old St. Maries building to Benewah County. The down payment is included in deferred revenue as of June 30, 2008. The sale was finalized in October 2008 for a total of \$226,500 (less closing costs of \$1,310) and recorded in fiscal year 2009. The building had an un-depreciated cost of \$250,438.

Capital asset activity for the years ended June 30, 2008 and June 30, 2009 is as follows:

	Balances at June 30, 2007	Increases	Decreases	Balances at June 30, 2008
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$88,972	\$0	(\$88,972)	\$0
Land	1,046,055	0	0	1,046,055
Total Capital Assets Not Being Depreciated:	\$1,135,027	\$0	(\$88,972)	\$1,046,055
Capital Assets Being Depreciated:				
Buildings and Improvements	\$7,547,553	\$2,202,566	\$0	\$9,750,119
Equipment and Vehicles	1,251,482	130,934	(50,792)	1,331,624
Total Capital Assets Being Depreciated	\$8,799,035	\$2,333,500	(\$50,792)	\$11,081,743
Less Accumulated Depreciation For:				
Buildings and Improvements	(\$856,822)	(\$349,044)	\$0	(\$1,205,866)
Equipment and Vehicles	(629,995)	(131,678)	50,792	(710,881)
Total Accumulated Depreciation	(\$1,486,817)	(\$480,722)	\$50,792	(\$1,916,747)
Total Capital Assets Being Depreciated, Net	\$7,312,218	\$1,852,778	\$0	\$9,164,996
Governmental Activities Capital Assets, Net	\$8,447,245	\$1,852,778	(\$88,972)	\$10,211,051

	Balances at July 1, 2008	Increases	Decreases	Balances at June 30, 2009
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$0	\$0	\$0	\$0
Land	1,046,055	26,125	(46,001)	1,026,179
Total Capital Assets Not Being Depreciated:	\$1,046,055	\$26,125	(\$46,001)	\$1,026,179
Capital Assets Being Depreciated:				
Buildings and Improvements	\$9,750,119	\$8,104	(\$371,846)	\$9,386,377
Equipment and Vehicles	1,331,624	22,620	(38,309)	1,315,935
Total Capital Assets Being Depreciated	\$11,081,743	\$30,724	(\$410,155)	\$10,702,312
Less Accumulated Depreciation For:				
Buildings and Improvements	(\$1,205,866)	(\$431,758)	\$167,408	(\$1,470,216)
Equipment and Vehicles	(710,881)	(148,380)	37,390	(821,871)
Total Accumulated Depreciation	(\$1,916,747)	(\$580,138)	\$204,798	(\$2,292,087)
Total Capital Assets Being Depreciated, Net	\$9,164,996	(\$549,414)	(\$205,357)	\$8,410,225
Governmental Activities Capital Assets, Net	\$10,211,051	(\$523,289)	(\$251,358)	\$9,436,404

Depreciation expense was charged to functions of government activities as follows:

	June 30, 2008	June 30, 2009
Administration/General Support	\$375,012	\$457,525
Administration Programs	9,533	17,362
Environmental, Response, and Technology	49,728	54,529
Family and Community Health	14,848	10,514
Health Promotion	11,276	15,141
Home Health	20,325	25,067
	\$480,722	\$580,138

NOTE 6. LEASES

Operating Leases

Operating leases are leases for which the District will not gain title to the asset. They contain various renewal options and some purchase options. Operating lease payments are recorded as expenditures of the related funds when paid or incurred. The District's total operating lease expenditures for fiscal years 2008 and 2009 was \$ 47,717 and \$48,018 respectively. The lease commitments are for copier and mail machines.

Future minimum lease commitments for non-cancelable operating leases as of June 30, 2009 are:

<u>Fiscal Year</u>	
2010	\$33,684
2011	13,975
2012	2,278
Thereafter	<u>0</u>
Total	\$49,937

Capital Leases

Capital leases are leases the District has entered into that are, in substance, a purchase. Capital lease assets and obligations are recorded as capital assets and long-term obligations. Interest expense for the capital leases is not capitalized. Amortization of assets acquired under a capital lease is included with depreciation expense.

In July 2005, the District completed \$4,300,000 in financing for the new headquarters building in Hayden. The financing was arranged through the Idaho Health Facilities Authority and funded by Sterling Savings Bank. The financing is a capital lease for 25 years with purchase for \$1.00 at the end of the lease term. The interest rate is set at 3.80% for the first five years and is re-set every five years. The minimum annual principal and interest payments for the first five years are \$268,284 per year. The first interest re-set is in June 2010. Management estimates that the June 2010 interest re-set will be at a rate lower than 3.80%. The schedule below uses the current interest rate of 3.80% for the remaining term of the lease.

In May 2008, the District completed \$1,000,000 in financing for a new building in St. Maries. The financing was arranged through the Panhandle Area Council and funded by US Bank. The financing is a capital lease for 20 years with purchase for \$1.00 at the end of the lease term. The interest rate is set at 6.09% for the first five years and is re-set every five years. The minimum annual principal and interest payments for the first five years are \$87,476 per year; however, in March 2010 the District opted to pay off the entire principal balance of \$956,195 (see Note 8 Subsequent Events).

The District received the certificate of occupancy for the new St. Maries building on June 27, 2008.

Assets under capital lease as of June 30, 2008 and June 30, 2009 are as follows:

<u>Asset Class</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Building and Improvements	8,179,898	8,188,002
Machinery, Equipment, and Other	<u>327,770</u>	<u>327,770</u>
Total Capital Leases	<u>\$8,507,668</u>	<u>\$8,515,772</u>

The future minimum lease commitments are contingent upon the interest rate when it re-sets every five years. Future minimum lease commitments for non-cancelable capital leases, with the current interest rate used for all years, as of June 30, 2008 and June 30, 2009 are as follows:

Fiscal Year	Idaho Health Facilities Authority/ Sterling Savings Bank	Panhandle Area Council/ US Bank	Total
2010	\$268,284	\$87,476	\$355,760
2011	268,284	87,476	355,760
2012	268,284	87,476	355,760
2013	268,284	87,476	355,760
2014	268,284	87,476	355,760
2015-2019	1,341,420	437,380	1,778,800
2020-2024	1,341,420	437,380	1,778,800
2025-2029	1,341,420	349,904	1,691,324
2030-2031	536,568	0	536,568
Total Payments	\$5,902,248	\$1,662,044	\$7,564,292
Less Imputed Interest	(1,927,514)	(687,626)	(2,615,140)
Total Present Value of Minimum Lease Payments	\$3,974,734	\$974,418	\$4,949,152

The Panhandle Area Council/US Bank capital lease was paid in full in March 2010.

NOTE 7. SPECIAL ITEMS AND OTHER FINANCING SOURCES

Special items on the Statement of Revenues, Expenditures, and Changes in Fund Balances include \$225,190 in fiscal year 2009 on the sale of the old St. Maries building (see Note 5). Other financing sources on the Statement of Revenues, Expenditures, and Changes in Fund Balances include proceeds of \$1,000,000 in fiscal year 2008 on the St. Maries building capital lease financing (see Note 6).

NOTE 8. SUBSEQUENT EVENTS

As the interest earned on the District's LGIP funds (see Note 2) dropped from an average of 4.2% in fiscal year 2008 to 0.53% in June 2009, the spread between interest earned and interest paid on capital leases increased significantly. The District began discussing early pay-off of the Panhandle Area Council capital lease. The District negotiated an early pay-off penalty of \$58,471, approximately one year of interest. The District paid off the remaining lease balance in March 2010 eliminating 18.5 years of interest payments over the term of the agreement.

In December 2009, the Idaho STO discontinued the rating of the LGIP by Standard and & Poor's. The STO made the determination that the "benefits provided by the ratings were not worth the expenses incurred."

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IDAHO
PANHANDLE PUBLIC HEALTH DISTRICT (I)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original Budget	Final Budget	Budgetary Basis	with Final Budget
REVENUES				
Licenses, Permits, Fees	\$1,476,800	\$1,290,800	\$1,068,868	(\$221,932)
Health Services	3,240,500	3,168,600	3,000,074	(168,526)
Grants and Contracts	4,096,900	4,173,000	4,354,033	181,033
State	1,418,800	1,389,300	1,389,300	0
County	1,045,100	1,045,100	1,031,703	(13,397)
Interest and Rent	131,700	131,700	138,096	6,396
Donations, Miscellaneous	66,900	66,900	12,520	(54,380)
Total Revenues	<u>\$11,476,700</u>	<u>\$11,265,400</u>	<u>\$10,994,594</u>	<u>(\$270,806)</u>
Other Financing Sources				
PAC Funding (St. Maries Capital Lease)	\$0	\$0	\$974,600	\$974,600
Reserves Used for Building	1,315,500	2,103,600	0	(2,103,600)
Sale of Capital Asset	0	0	50,000	50,000
Total Other Financing Sources	<u>\$1,315,500</u>	<u>\$2,103,600</u>	<u>\$1,024,600</u>	<u>(\$1,079,000)</u>
Reconciliation to GAAP Basis Revenues:				
PAC Capital Lease Proceeds			(\$974,600)	
Changes Affected by Accrued Revenue			(141,324)	
Total GAAP Revenues			<u>\$10,903,270</u>	
EXPENDITURES				
Personnel Costs	\$8,218,000	\$7,873,100	\$7,508,319	\$364,781
Operating	2,989,800	3,075,800	3,084,120	(8,320)
Capital Outlay	1,584,400	2,420,100	2,142,841	277,259
Total Expenditures	<u>\$12,792,200</u>	<u>\$13,369,000</u>	<u>\$12,735,280</u>	<u>\$633,720</u>
Reconciliation to GAAP Basis Expenditures:				
Change in Accounts Payable			\$229,716	
Change in Accrued Payroll			16,470	
Total GAAP Expenditures			<u>\$12,981,466</u>	

The accompanying notes are an integral part of these financial schedules.

STATE OF IDAHO
PANHANDLE PUBLIC HEALTH DISTRICT (I)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

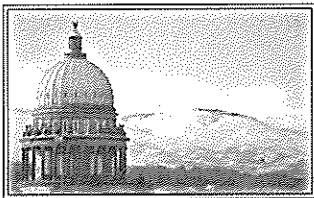
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
	Budget	Budget	Budgetary	Budget
			Basis	
REVENUES				
Licenses, Permits, Fees	\$1,173,600	\$1,100,900	\$861,646	(\$239,254)
Health Services	3,096,300	2,796,300	2,709,633	(86,667)
Grants and Contracts	4,187,100	4,011,200	4,151,966	140,766
State	1,462,100	1,371,400	1,360,800	(10,600)
County	1,076,500	1,076,500	1,061,056	(15,444)
Interest and Rent	100,000	70,000	53,132	(16,868)
Donations, Miscellaneous	59,400	234,400	223,322	(11,078)
Total Revenues	<u>\$11,155,000</u>	<u>\$10,660,700</u>	<u>\$10,421,555</u>	<u>(\$239,145)</u>
Other Financing Sources				
Reserve	<u>\$0</u>	<u>\$326,000</u>	<u>\$0</u>	<u>(\$326,000)</u>
Reconciliation to GAAP Basis Revenues:				
Changes Affected by Accrued Revenue			<u>(30,143)</u>	
Total GAAP Revenues			<u><u>10,391,412</u></u>	
EXPENDITURES				
Personnel Costs	\$7,763,500	\$7,275,700	\$7,077,489	198,211
Operating	3,152,500	3,193,900	2,832,929	360,971
Capital Outlay	239,000	517,100	505,411	11,689
Total Expenditures	<u>\$11,155,000</u>	<u>\$10,986,700</u>	<u>\$10,415,829</u>	<u>\$570,871</u>
Reconciliation to GAAP Basis Expenditures:				
Change in Accounts Payable			<u>(\$247,235)</u>	
Change in Accrued Payroll			<u>43,086</u>	
Total GAAP Expenditures			<u><u>\$10,211,680</u></u>	

The accompanying notes are an integral part of these financial schedules.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET COMMITTEE

Under Idaho Code, Section 39-423 each of the District's counties has a representative who serves on the Budget committee. The District board will submit the budget to the Budget Committee. The budget is prepared on a cash basis. The budget for the District shall be approved by a majority of the Budget Committee. Any adjustments to the budget are approved by the Board of Health.



Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

September 21, 2010

Independent Auditor's Report on Internal Control over
Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Lora Blodgett-Whalen, Director
Panhandle Health District (I)
8500 N. Atlas Road
Hayden, ID 83835

Marlow Thompson, Chair
District I Board of Health
160 S. Fork Hagerman Creek Road
Tensed, ID 83870

Dear Ms. Blodgett-Whalen and Mr. Thompson:

We have audited the financial statements of the governmental activities, major fund, and the remaining fund information of Panhandle Health District (I) as of and for the years ended June 30, 2008 and 2009, which collectively comprise the District's 's basic financial statements and have issued our report thereon dated September 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's 's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies that are also considered to be material weaknesses. We consider the deficiencies described in Findings 2009F-1 and 2009F-2 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiencies in internal controls over financial reporting. We do not consider these significant deficiencies to be material weaknesses.

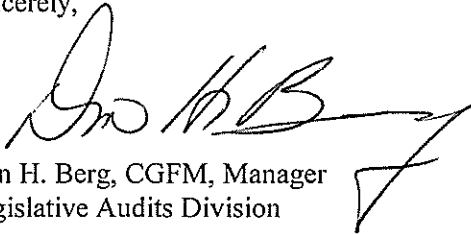
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

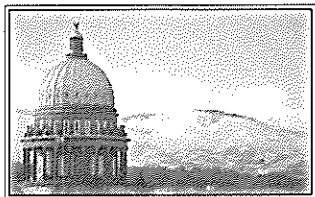
We noted certain other matters that we have reported to the management of the District in a separate letter.

This report is intended solely for the information and use of the State of Idaho, Panhandle Health District (I), and the District's Board of Health and is not intended to be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a long horizontal stroke extending to the right.

Don H. Berg, CGFM, Manager
Legislative Audits Division



Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

September 21, 2010

Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance With OMB Circular A-133

Lora Blodgett-Whalen, Director
Panhandle Health District (I)
8500 N. Atlas Road
Hayden, ID 83835

Marlow Thompson, Chair
District I Board of Health
160 S. Fork Hagerman Creek Road
Tensed, ID 83870

Dear Ms. Blodgett-Whalen and Mr. Thompson:

Compliance

We have audited the compliance of the Panhandle Health District (I) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements, and performing such other procedures that we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with *OMB Circular A-133*,

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

and that are described in the accompanying schedule of findings and questioned costs as findings 2009F-1 and 2009F-2.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct, material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

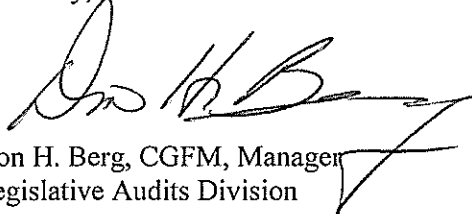
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2009F-1 and 2009F-2 to be significant deficiencies.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of Panhandle Health District (I), the federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a stylized flourish extending from the end of the signature.

Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
PANHANDLE HEALTH DISTRICT 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2009

PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	PASS- THROUGH ENTITIES	FEDERAL EXPENDITURES FY 2008	FEDERAL EXPENDITURES FY 2009	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE						
W.I.C.	10.557	HC557300	1	\$136,664	\$0	\$136,664
W.I.C.	10.557	HC584200	1	\$14,987	149,492	664,479
W.I.C.	10.557	HC626000	1	0	550,969	550,969
10.557 Total				\$651,651	\$700,461	\$1,352,112
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$651,651	\$700,461	\$1,352,112
ENVIRONMENTAL PROTECTION AGENCY						
Public Water Supplies	66.432	S199	3	\$87,887	\$108,220	\$196,107
66.432 Total				\$87,887	\$108,220	\$196,107
 Emerald Gardens	66.460	S147	3	\$28,975	\$0	\$28,975
66.460 Total				\$28,975	\$0	\$28,975
 ICP Operations in the CDA Basin	66.802	C614	3	\$157,985	\$123,140	\$281,125
Bunker Hill Community Relations	66.802	C297	3	26,989	19,671	46,660
66.802 Total				\$184,974	\$142,811	\$327,785
TOTAL ENVIRONMENTAL PROTECTION AGENCY				\$301,836	\$251,031	\$552,867
DEPARTMENT OF HEALTH & HUMAN SERVICES						
Project Life	93.048	HC592800	1	\$68,762	\$0	\$68,762
Project Life	93.048	HC603400	1	0	70,300	70,300
Project Life	93.048	HC641100	1	0	1,015	1,015
93.048 Total				\$68,762	\$71,315	\$140,077
 Tuberculosis Control	93.116	HC567300	1	\$188	\$0	\$188
Tuberculosis Control	93.116	HC597300	1	0	10	10
Tuberculosis Control	93.116	HC631400	1	0	0	0
93.116 Total				\$188	\$10	\$198
 Family Planning Title X	93.217	HC575700	1	\$145,249	\$0	\$145,249
Family Planning Title X	93.217	HC603800	1	0	152,786	152,786
93.217 Total				\$145,249	\$152,786	\$298,035
 Asthma Coalition	93.283	HC551400	1	\$4,735	\$0	\$4,735
Asthma Coalition	93.283	HC583500	1	12,154	15,468	27,622
NEDSS	93.283	HC637500	1	0	571	571
Public Health Emergency Prep (PHEP)	93.283	HC561500	1	24,004	0	24,004
Public Health Emergency Prep (PHEP)	93.283	HC589700	1	136,962	11,450	148,412
Public Health Emergency Prep (PHEP)	93.283	HC 615400	1	116,059	13,541	129,600
Public Health Emergency Prep (PHP BT CDC)	93.283	HC555500	1	76,919	0	76,919
Public Health Prep (PHP BT CDC)	93.283	HC587900	1	263,009	44,084	307,093
Public Health Prep (PHP BT CDC)	93.283	HC611900	1	0	260,163	260,163
Pandemic Influenza Planning(PHEP)	93.283	HC539400	1	100,000	0	100,000
Pandemic Influenza Planning(PHEP)	93.283	HC586600	1	91,435	8,565	100,000

The accompanying notes are an integral part of this schedule.

STATE OF IDAHO
PANHANDLE HEALTH DISTRICT 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2009

PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	PASS- THROUGH ENTITIES	FEDERAL EXPENDITURES FY 2008	FEDERAL EXPENDITURES FY 2009	TOTAL FEDERAL EXPENDITURES
Tobacco Prevention	93.283	HC541700	1	\$43,715	\$32,787	\$76,502
Tobacco Prevention	93.283	HC635300	1	0	7,360	7,360
West Nile Virus Surveillance	93.283	HC606000	1	244	1,755	1,999
West Nile Virus Surveillance	93.283	HC639400	1	0	336	336
Women's Health Check	93.283	HC571200	1	98,607	0	98,607
Women's Health Check	93.283	HC607100	1	0	88,422	88,422
Comprehensive Cancer Control	93.283	HC571800	1	17,000	0	17,000
Comprehensive Cancer Control	93.283	HC603900	1	0	17,925	17,925
93.283 Total				\$984,843	\$502,427	\$1,487,270
Day Care Investigation	93.556	1C073500	1	\$10,851	\$0	\$10,851
93.556 Total				\$10,851	\$0	\$10,851
Focus on Health	93.558	1C079700	1	\$14,287	\$0	\$14,287
Immunization Reminder	93.558	HC577200	1	19,724	0	19,724
Immunization Reminder	93.558	HC595100	1	36,947	0	36,947
Immunization Reminder	93.558	HC609700	1	0	54,449	54,449
93.558 Total				\$70,958	\$54,449	\$125,407
Day Care Site Visits	93.575	WC055800	1	\$118,096	\$105,636	\$223,732
Child Care Resource Center	93.575	EDK058-06-A	4	135,229	0	135,229
Child Care Resource Center	93.575	EDK057-SB-01	4	0	135,624	135,624
93.575 Total				\$253,325	\$241,260	\$494,585
Child Find	93.778	1C078900	1	\$37,000	\$39,500	\$76,500
93.778 Total				\$37,000	\$39,500	\$76,500
HIV Surveillance	93.944	HC566600	1	\$1,750	\$0	\$1,750
HIV Surveillance	93.944	HC598000	1	2,931	432	3,363
HIV Surveillance	93.944	HC630700	1	0	993	993
93.944 Total				\$4,681	\$1,425	\$6,106
HIV/STD Control	93.940	HC490700	1	\$14,974	\$0	\$14,974
HIV/STD Control	93.940	HC599300	1	11,428	12,728	24,156
HIV/STD Control	93.940	HC633600	1	0	13,128	13,128
93.940 Total				\$26,402	\$25,856	\$52,258
HIV/STD Control	93.977	HC490700	1	\$16,857	\$0	\$16,857
HIV/STD Control	93.977	HC599300	1	16,596	16,533	33,129
HIV/STD Control	93.977	HC633600	1	0	15,388	15,388
93.977 Total				\$33,453	\$31,921	\$65,374
Diabetes	93.988	HC569500	1	\$13,515	\$0	\$13,515
Diabetes	93.988	HC601900	1	4,623	15,377	20,000
Diabetes	93.988	HC636500	1	0	5,462	5,462
93.988 Total				\$18,138	\$20,839	\$38,977

The accompanying notes are an integral part of this schedule.

STATE OF IDAHO
PANHANDLE HEALTH DISTRICT I
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2009

PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	PASS- THROUGH ENTITIES	FEDERAL EXPENDITURES FY 2008	FEDERAL EXPENDITURES FY 2009	TOTAL FEDERAL EXPENDITURES
Bioterrorism Hospital Preparedness	93.889	HC555800	1	\$149,939	\$10,429	\$160,368
Hospital Preparedness Contract (ASPR VI Funded)	93.889	HC588900	1	337,040	6,894	343,934
Hospital Preparedness Contract (ASPR VII Funded)	93.889	HC612500	1	0	307,076	307,076
93.889 Total				\$486,979	\$324,399	\$811,378
Injury Prevention	93.991	HC562400	1	\$17,146	\$0	\$17,146
Injury Prevention	93.991	HC593200	1	49,903	24,075	73,978
Injury Prevention	93.991	HC622500	1	0	63,210	63,210
93.991 Total				\$67,049	\$87,285	\$154,334
C.S.H.P.	93.994	HC476500	1	\$9,625	\$2,625	\$12,250
C.S.H.P.	93.994	HC612000	1	0	7,875	7,875
Epidemiology	93.994	HC585700	1	19,231	6,411	25,642
Epidemiology	93.994	HC616300	1	25,262	0	25,262
Family Planning MCH	93.994	HC410000	1	21,000	0	21,000
Family Planning MCH	93.994	HC590200	1	75,583	25,194	100,777
Family Planning MCH	93.994	HC627500	1	0	103,639	103,639
Oral Health	93.994	HC592100	1	24,342	45,934	70,276
93.994 Total				\$175,043	\$191,678	\$366,721
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES				\$2,382,921	\$1,745,150	\$4,128,071
CORPORATION FOR NATIONAL SERVICE						
Senior Companion	94.016	07SCO69418	5	\$104,091	\$0	\$104,091
Senior Companion	94.016	06SCPID001	5	\$190,935	\$81,007	\$271,942
Senior Companion	94.016	09SCPID001	5	\$0	\$146,099	\$146,099
94.016 Total				\$295,026	\$227,106	\$522,132
TOTAL FOR CORPORATION FOR NATIONAL SERVICE				\$295,026	\$227,106	\$522,132
TOTAL CASH EXPENDITURES				\$3,631,434	\$2,923,748	\$6,555,182
WIC Food Vouchers	10.577		1	\$2,842,179	\$2,976,544	\$5,818,723
Value of Contraceptives	93.217		1	116,937	120,226	237,163
TOTAL NON-CASH EXPENDITURES				\$2,959,116	\$3,096,770	\$6,055,886
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS				\$6,590,550	\$6,020,518	\$12,611,068

LEGEND:

- 1 = Idaho Department of Health and Welfare
- 2 = Direct Award
- 3 = Idaho Department of Environmental Quality
- 4 = University of Idaho
- 5 = Corporation for National and Community Service

The accompanying notes are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations*.

The CFDA refers to the Catalog of Federal Domestic Assistance, which is a government-wide list of individual federal programs. Federal award programs for which we could not determine a number are identified with the first two digits that identify the federal grantor department, followed, by ".999."

NOTE 2. WIC FOOD VOUCHERS

The District determines eligibility for the Women, Infants and Children (WIC) program. Within the WIC program, the District distributes food checks to clients and controls unissued food checks. The Idaho Department of Health and Welfare issues and redeems food checks, controls the food checks issued, and reviews program compliance. The value of the food checks redeemed through the Idaho Department of Health and Welfare during fiscal years 2008 and 2009 was \$2,842,179 and \$2,976,544, respectively.

NOTE 3. VALUE OF CONTRACEPTIVES

The District provides contraceptives on a sliding fee scale to eligible clients of the federally funded Reproductive Health Clinic. The Idaho Department of Health and Welfare purchases the contraceptives and supplies them to the District as needed. The contraceptives value supplied by the Idaho Health and Welfare Department was \$116,937 in fiscal year 2008 and \$120,226 in fiscal year 2009.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I. SUMMARY OF AUDITOR'S RESULTS

BASIC FINANCIAL STATEMENTS

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements disclosed no deficiencies that were considered to be a significant deficiency or a material weakness.
3. The audit did not disclose any instances of noncompliance considered material to the basic financial statements.

FEDERAL AWARDS

4. The audit disclosed significant deficiencies in internal control over major programs identified as items 2009F-1 and 2009F-2 below. These were not considered to be material weaknesses.
5. The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
6. The audit disclosed two findings that must be reported in accordance with criteria in Section 510a of *OMB Circular A-133*.
7. Major programs are listed below:

<u>Program Title</u>	<u>CFDA Number</u>
WIC	10.557
Senior Companion	94.016
8. The dollar threshold used to distinguish between Type A and Type B programs was \$378,332.
9. Panhandle Health District (I) did not qualify as a low-risk auditee as defined by *OMB Circular A-133*.

SECTION II. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

NONE

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2009F-1

CFDA Title: All
Federal Award #: All
Program Year: SFY 2008 and SFY 2009
Federal Agency: All
Compliance Requirements: A – Allowable Costs
Questioned Costs: None

Internal Control weaknesses exist in the process for preparing the Schedule of Expenditures of Federal Awards (SEFA).

Internal controls are essential to ensure that the SEFA is accurate and complete. Although the overall internal control structure of the District is good, we identified the following errors:

- Expenditures for the immunizations provided by the Idaho Department of Health and Welfare should not be shown on the SEFA as the federal grantor identified these funds to be treated as contracts. This error overstated the SEFA expenditures by \$122,900.
- WIC food vouchers, a non-cash item for the District, were overstated on the SEFA by \$83,000.

Adjustments were made to the SEFA to correct the above conditions.

RECOMMENDATION

We recommend that the District review internal controls over the SEFA preparation and strengthen the process to ensure the SEFA is accurate and complete.

AGENCY'S RESPONSE AND CORRECTIVE ACTION PLAN

- Expenditures for immunizations provided by the Idaho Department of Health and Welfare have been on the SEFA report each year since 1995. The District was aware the federal grantor recently changed its interpretations to exclude non-cash assistance from the SEFA, but did not realize cash expenditures should also be excluded. All immunization expenditures will be excluded from future SEFAs.
- The WIC food vouchers amount for the SEFA was obtained from a calendar year report. The numbers from the report should have been converted to a fiscal year to match the financial statement period. The numbers from the WIC food vouchers report will be converted to a fiscal year basis for future SEFAs.

FINDING 2009F-2

CFDA Title: 94.016

Federal Award #: 07SCO69418, 06SCPID001, 09SCPID001

Program Year: SFY 2008 and SFY 2009

Federal Agency: Corporation for National Service

Compliance Requirements: A – Allowable Costs; E – Eligibility

Questioned Costs: None

Payment approval and eligibility to provide services for the Senior Companion Program are not properly documented.

All claims to the Senior Companion Program must be approved by an authorized employee of the program. However, we identified three of 40 claims in our sample that were authorized by a part-time volunteer and paid by the fiscal unit. Although the claims were appropriate, the authority to approve claims was not validated in each instance and raises the risk that errors or other irregularities could occur and not be detected.

We also noted that the national sex offender registry review for each senior companion was not documented as required in three of the 30 files tested. A review was subsequently performed on these companions, and no offenders were identified. However, documentation was not available to show that the review had been performed by the District as required.

RECOMMENDATION

We recommend that the District ensure that all payments for the Senior Companion Program are properly authorized and that procedures to review the national sex offender registry are followed and documented in the senior companion files.

AGENCY'S RESPONSE AND CORRECTIVE ACTION PLAN

- The fiscal office will no longer pay senior companion stipend or travel claims unless they are signed by the program director or division director.
- The District is rewriting the procedure and adding sex offender registry review to the new companion checklist. Documentation of the review will be kept in each companion's file.

AGENCY RESPONSE



PANHANDLE HEALTH DISTRICT

Healthy People in Healthy Communities

8500 N. ATLAS ROAD
HAYDEN, IDAHO 83835
<http://www.phd1.idaho.gov>

September 14, 2010

Mr. Don Berg
Legislative Services Office
Statehouse
PO Box 83720
Boise, Idaho 83720-0054

Dear Mr. Berg:

We are providing this response in connection with your audit of the financial statements of Public Health District 1, aka, Panhandle Health District, as of fiscal years ending June 30, 2008 and 2009. We appreciate the professionalism of your staff in the conduct of the audit and the advice they have given our office. We can assure you we are taking the appropriate steps to address the findings.

FINDING 2009F-1

Internal Control weaknesses exist in the process for preparing the Schedule of Expenditures of Federal Awards (SEFA).

Internal controls are essential to ensure that the SEFA is accurate and complete. Although the overall internal control structure of the District is good, we identified the following errors:

- Expenditures for the immunizations provided by the Idaho Department of Health and Welfare should not be shown on the SEFA as the federal grantor identified these funds to be treated as contracts. This error overstated the SEFA expenditures by \$122,900.
- WIC food vouchers, a non-cash item for the District, were overstated on the SEFA by \$83,000.

Adjustments were made to the SEFA to correct the above conditions.

AGENCY'S RESPONSE AND CORRECTIVE ACTION PLAN

- Expenditures for immunizations provided by the Idaho Department of Health and Welfare have been on the SEFA report each year since 1995. The District was aware the federal grantor recently changed its interpretation to exclude non-cash assistance from the SEFA, but did not realize cash expenditures should also be excluded. All immunizations expenditures will be excluded from future SEFAs.
- The WIC food vouchers amount for the SEFA was obtained from a calendar year report. The numbers from the report should have been converted to a fiscal year to match the financial statement period. The numbers from the WIC food vouchers report will be converted to a fiscal year basis for future SEFAs.

FINDING 2009F-2

Payment approval and eligibility to provide services for the Senior Companion Program are not properly documented.

All claims to the Senior Companion Program must be approved by an authorized employee of the program. However, we identified three of 40 claims in our sample that were authorized by a part-time volunteer and paid by the fiscal unit. Although the claims were appropriate, the authority to approve claims was not validated in each instance and raises the risk that errors or other irregularities could occur and not be detected.

We also noted that the national sex offender registry review for each senior companion was not documented as required in three of the 30 files tested. A review was subsequently performed on these companions, and no offenders were identified. However, documentation was not available to show that the review had been performed by the District as required.

AGENCY'S RESPONSE AND CORRECTIVE ACTION PLAN

- The fiscal office will no longer pay Sr. Companion stipend or travel claims unless they are signed the Program Director or Division Director.
- The District is re-writing the procedure and adding sex offender registry review to the new companion check list. Documentation of the review will be kept in each companion's file.

Thank you again for the work of your staff. We look forward to the next audit and your assessment of our improvement.

Sincerely,



Lora Blodgett-Whalen, Director

PRIOR FINDINGS AND RECOMMENDATIONS

The prior report covered the fiscal years ended June 30, 2006 and 2007, and included six findings and recommendations. The following explains the status of these findings and recommendations.

NON-FEDERAL FINDINGS

PRIOR FINDING 2007S-01 – Significant errors and omissions exist in the basic financial statements and notes due to poor internal controls.

We recommended that the District review and strengthen the internal controls over the preparation of financial statements and notes to ensure the integrity and accuracy of the financial information presented.

The District changed its method of accounting for accounts payable using a GAAP indicator in STARS for better tracking and reporting. The District also ensured it was accounting for county contribution properly by showing them as a receivable and double checking the contract revenue to the SEFA. **Status – CLOSED**

PRIOR FINDING 2007S-2 – Approval for some expenditure transactions was inappropriate or missing.

We recommended that the District evaluate and strengthen the approval process for all expenditure transactions to ensure that proper segregation and internal controls are in place to reduce the risk of errors or other irregularities.

The District improved its internal controls by having the proper supervisor sign for expenditure transactions and revised the purchasing policy to identify the level of supervisory approval necessary for various expenditures. **Status – CLOSED**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

PRIOR FINDING 2007F-1 – Significant omissions existed in the federal financial schedule due to poor internal controls.

We recommended that the District review and strengthen the internal controls over the preparation of the federal financial schedule to ensure the integrity and accuracy of the financial information presented.

The District improved the internal controls. **Status – CLOSED**

PRIOR FINDING 2007F-2 – Approval for some expenditure transactions was inappropriate or missing.

We recommended that the District evaluate and strengthen the approval process for all expenditure transactions to ensure that proper segregation and internal controls are in place to reduce the risk of errors or other irregularities.

The District improved its internal controls by having the proper supervisor sign for expenditure transactions and revised the purchasing policy to identify the level of supervisory approval necessary for various expenditures. **Status – CLOSED**

PRIOR FINDING 2007F-3 – Benefits under the Women, Infants, and Children (WIC) program can be issued in excess of allowable amounts in error.

We recommended that the District establish procedures to document and approve any changes to the periods covered by WIC program benefit checks.

The District changed its procedures and any checks issued for less than 30 days from the start date until the end date must have supervisory approval. **Status – CLOSED**

PRIOR FINDING 2007F-4 – Eligibility data for some WIC clients is incomplete or missing.

We recommended that the District establish review procedures and other measures to ensure that eligibility data for WIC clients is properly completed and retained.

The WIC coordinator now reviews a sample of charts quarterly to ensure that all required information is included in the client file. **Status – CLOSED** (According to A-133 requirements, the District is no longer responsible to ensure eligibility.)

APPENDIX

HISTORY

The following is a chronological history of the basic health care services that the State has provided to the public.

- 1907 – The State Board of Health and counties that had local boards of health were statutorily authorized joint responsibility for public health.
- 1947 – A public health district law was enacted that permitted two or more counties to establish a public health district. Participation in the forming of the health districts was voluntary.
- 1970 – The legislature established a law that created seven mandatory public health districts. In the Panhandle Health District (I), the counties designated were Benewah, Bonner, Boundary, Kootenai, and Shoshone. The director of the State Department of Health and Welfare was designated fiscal officer for the various districts.
- 1976 – Legislative intent was expressed that the health districts are not State agencies, and that they be recognized as authorized governmental entities.
- 1986 – Idaho Code was amended to allow district health departments to promulgate rules and regulations without the State Board of Health's approval.
- 1993 – The legislature clarified the need for health districts to use the Idaho Administrative Procedures Act for fees and rules.
- 2004 – The Rules of the Division of Human Resources and Idaho Personnel Commission include public health districts.

PURPOSE

The District provides basic health services as set forth in Idaho Code, including public health education, physical health, environmental health, public health administration, and all things required for the preservation and protection of the public health and preventive health.

STATUTORY AUTHORITY

The statutory authority for the District is found in Idaho Code, Title 39, Chapter 4.

ORGANIZATION

The District is supervised by a seven-member board appointed by the county commissioners of the counties served. Board members serve for staggered five-year terms, and are reimbursed \$75 per working day, plus all necessary travel expenses. The board appoints a director to administer and manage the day-to-day activities of the District. Physicians provide medical consulting services to the District.

The District is organized into five major sections:

1. Administration – Provides day-to-day managerial guidance for the District as well as administrative, personnel, fiscal, and maintenance for all divisions, sections, and satellite facilities throughout the District.
2. Family and Community Health – Provides services such as immunizations, family planning, tuberculosis, sexually transmitted disease control, epidemiology, school health, adult and children health services, and general preventive health services.
3. Environmental Health/Public Health Preparedness/ Information Technology – Provides control over various types of waste, water supplies, pollution, and food protection; prepares and organizes response plans for potential bioterrorism or weapons of mass destruction events; plans and operates the computer systems.

4. Home Health – Provides skilled nursing and senior companion services to patients confined to their homes.
5. Health Promotion – Provides services under the Women, Infants, and Children (WIC) nutrition program, the Child Care Resource Center (CCRC), Millennium Fund tobacco cessation, and various other population-based programs that promote healthy lifestyles.

The District has a central office in Hayden and satellite offices in Bonners Ferry, St. Maries, Sandpoint, and Kellogg. An organizational chart is attached.

STAFFING

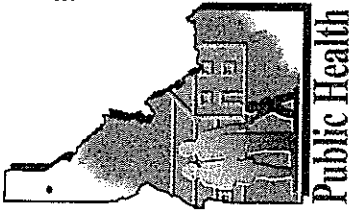
In June 2009 the District's payroll consisted of 116.4 full-time equivalents. One full-time equivalent equals 2,080 hours per year.

FUNDING

The financing for the District comes from: county contributions; General Fund appropriations; federal, State, and private contracts; fees, donations, and charges to recipients of services.

The amount included in the District's General Fund appropriation request is determined by Idaho Code, Section 39-425. The Idaho Legislature sets one General Fund appropriation for the State's seven public districts. The appropriation is allocated among the districts according to a formula with the following weights and factors: 20% population (3 yr. average); 10% poverty rate (3 yr. average); 60% county contribution; 10% public assistance numbers. The General Fund appropriation received may be more or less than the amount requested.

The county contribution is determined by Idaho Code, Section 39-424. The total contribution is allocated among the counties according to a formula with the following weights and factors: 70% population; 30% taxable market value.



anhandle Health District

Healthy People in
Healthy Communities

County Commissioners

BOARD OF HEALTH

Director
1001 Jeanne A. Bock

Management Assistant
1501 Mashelle Kenney

Financial Officer
1002 James N. Fenton

Public Health Division
Administrator
1004 Dale W. Peck (E)

Home Health Administrator
3700 Mary J. Detienne (E)

Public Health Division
Administrator
3001 Lora M. Whalen (E)

Institutional Controls
Program (ICP) Program
Manager 1
2002 Jerry L. Cobb

Human Resource
Specialist
5056 Jeff Barker

Jeanne Bock 11/3/08
Director's Approval / Date